

## Message Text

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43

ACTION EA-09

INFO OCT-01 ISO-00 L-03 CAB-02 CIAE-00 COME-00 DODE-00

      DOTE-00 EB-07 INR-07 NSAE-00 FAA-00 JUSE-00 /029 W

----- 083168

R 060642Z FEB 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 1922

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E. O. 11652: NA

TAGS: EAIR, RP

SUBJECT: PAL AIRCRAFT SEIZURE

REF: STATE 025425

1. EMBASSY HAS REVIEWED ALL FILES CONTAINING ANY MATERIAL FOR THE TIME PERIOD (JULY 1 TO AUGUST 8, 1974) SPECIFIED IN REFTEL PERTAINING TO US/RP NEGOTIATIONS FOR INTERIM AIR AGREEMENT. EMBASSY ASSUMES DEPARTMENT HAS RECORD OF ALL EMBASSY/STATE MESSAGES FOR SAID PERIOD AND DEPARTMENT WILL REVIEW THOSE DOCUMENTS.

2. EXCEPT FOR EMBASSY/STATE TELEGRAMS, EMBASSY FILES ON NEGOTIATIONS CONTAIN ONLY TWELVE OTHER PIECES OF PAPERS. THESE INCLUDE DRAFTS, VARIOUS LETTERS, AND MEMOS, NONE OF WHICH APPEAR TO CONTAIN SENSITIVE INFORMATION AND ONLY TWO THAT HAVE ANY DIRECT RELEVANCE TO THE ISSUE OF THE ACTUAL SEIZURE OF PAL AIRCRAFT. OWING TO TIME CONSTRAINTS CITED REFTEL, THE TWO DOCUMENTS ARE QUOTED BELOW. ALL TWELVE DOCUMENTS ARE ALSO BEING POUCHED TO EA/PHL.

3. SHOULD ALSO BE NOTED FOR THE RECORD THAT ON JANUARY 19, E/C COUNSELOR DISCUSSED STATE 010022 IN FULL DETAIL WITH RALPH IGOA OF PAL, AND HE IS NOW THOROUGHLY AWARE OF POSITION OUTLINED THEREIN. CONERSATION WAS FRIENDLY, AND IGOA EXPRESSED APPRECIATION AT AGAIN BEING MADE  
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AWARE THAT OPENING EXISTED FOR A NEGOTIATED SETTLEMENT.

HOWEVER, HE SAID, HE CONTINUED TO BELIEVE THAT PAL'S CASE IS SOUND AND THAT HE MUST PROCEED WITH IT IN ORDER TO DEMONSTRATE CORRECTNESS OF PAL'S POSITION. EC/COM COUNSELOR SAID HE UNDERSTOOD, AND THAT, WHILE USG NEITHER COULD NOR WOULD URGE OUT OF COURT SETTLEMENT, DOOR WOULD REMAIN OPEN SHOULD HE WISH TO PURSUE MATTER.

4. THERE FOLLOWS TEXT OF TWO DOCUMENTS CITED PARAGRAPH 2 ABOVE:

A. MEMORANDUM OF CONVERSATION -TEARNOLD/ECHULEN TELECON  
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QUOTE PHILIPPINE DESK OFFICER ELMER HULEN CALLED ME THIS MORNING TO REPORT THAT A STRONG RUMOR EXISTS THAT PAL'S DC-10 WILL BE SEIZED BY THE U.S. MARSHALL WHEN IT ARRIVES IN SAN FRANCISCO THIS MORNING. HE SAID THE RUMOR WAS A THIRD OF FOURTH-HANDED ONE WHICH POSSIBLY ORIGINATED WITH THE OFFICE OF THE STATE'S ATTORNEY IN SAN FRANCISCO.

HULEN SAID THE REASON FOR THIS ACTION WAS USCAB'S BELIEF THAT PAL WAS IN FALGRANT VIOLATION OF ITS ADMINISTRATIVE REGULATIONS NOTING THAT THE CAB HAD BEEN INCREASINGLY IRRITATED BY PAL'S SALOMEING TACTICS IN NEGOTIATIONS OVER THE PAST WEEK. HULEN REPORTED THAT WHEN THE CAB LEARNED FROM OUR CABLE THAT THE AIRCRAFT WAS IN FLIGHT, CAB INFORMED PAL ATTORNEY WASHINGTON THE BEST COURSE WOULD BE FOR AIRCRAFT TO TURN AROUND AT HONOLULU, AFTER DISCHARGING ITS PASSENGERS. PAL IGNORED THIS ADVICE AND CONTINUED ON TO SAN FRANCISCO. UNQUOTE.

B. PRESS ADVISORY ON DC-10 SEIZURE (UNDATED)

QUOTE THE ISSUE INVOLVED IN THE DC-10 SEIZURE BEGAN WHEN PAL APPLIED TO THE USCAB FOR AN INCREASE IN ITS SERVICES TO THE U.S. (SIC) WHICH WOULD RESULT FROM PLACING THE DC-10 IN SERVICE ON THE MANILA-HONOLULU-SAN FRANCISCO ROUTE. AS A RESULT OF THIS APPLICATION, THE TWO GOVERNMENTS BEGAN NEGOTIATIONS FOR A RECIPROCAL EXPANSION OF SERVICES. THESE NEGOTIATIONS PROCEEDED TO A POINT WHERE AGREEMENT

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ARREARED IMMINENT, AND ON THE BASIS OF THAT SITUATION, USCAB PERMITTED PAL TO MAKE THREE ROUND TRIPS WITH THE DC-10 ON THE PACIFIC ROUTE ON A EXCEPTIONAL AND PROVISIONAL BASIS.

WHEN IT APPEARED THAT THE NEGOTIATIONS WERE LIKELY TO BE PROTRACTED, IT WAS CONCLUDED THAT FURTHER PROVISIONAL SERVICES SHOULD BE DICONCLUDED.

PAL WAS THEN NOTIFIED, ON JULY 22, BY THE USCAB THAT NO FURTHER FLIGHTS OF THE DC-10 AIRCRAFT WOULD BE PERMITTED UNTIL AN AGREEMENT HAD BEEN REACHED. THIS DECISION OF USCAB WAS CONVEYED DIRECTLY BY CAB OFFICIALS TO PAL REPRESENTATIVES IN WASHINGTON AND WAS RELAYED BY THE EMBASSY TO ALL APPROPRIATE PHILIPPINE AUTHORITIES AS WELL AS TO PAL ON JULY 22 AND JULY 23. WE ARE INFORMED THAT ON LEARNING THAT PAL HAD INITIATED YESTERDAY'S FLIGHT, USCAB OFFICIALS IN WASHINGTON AGAIN INFORMED PAL REPRESENTATIVES THAT OPERATION OF THE DC-10 WAS NOT AUTHORIZED AND SUGGESTED THAT THE AIRLINE OFFLOAD ITS PASSENGERS IN HONOLULU AND RETURN TO MANILA. NONETHELESS, PAL ELECTED TO PROCEED TO SAN FRANCISCO. THIS FURTHER ACTION COMPOUNDED PAL'S VIOLATION OF USCAB REGULATIONS AND GAVE RISE TO THE DEVELOPMENTS REPORTED TO HAVE OCCURRED IN SAN FRANCISCO.

THE REPORT THAT U.S. AIRLINE SERVICE HAS BEEN IN ANY WAY CURTAILED IS IN ERROR. WE CONTEMPLATE NORMAL OPERATION OF REGULARLY-SCHEDULED SERVICES WITH PRESENTLY AUTHORIZED EQUIPMENT ON THE PART OF BOTH PHILIPPINE AIR LINES AND AMERICAN CARRIERS (PAN AMERICAN AND NORTHWEST AIRLINES) PENDING CONCLUSION OF A NEW AGREEMENT. UNQUOTE

5. WITH RESPECT TO THE DOCUMENTS BEING POUCHED, THE EMBASSY HAS RESERVATIONS REGARDING THE FOLLOWING:  
(A) AN UNSIGNED LETTER FROM ARNOLD TO MELCHOR DATED JULY 3, 1974, ON THE GROUNDS THAT IT WAS APPARENTLY NEVER SENT; AND (B) ITEMS 7 AND 8 WHICH ARE COPIES OF INTERNAL PANAM TELEXES AND THEREFORE MAY BE PRIVILEGED.  
SULLIVAN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AIRCRAFT DETENTION, COURTS, AVIATION AGREEMENTS, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 06 FEB 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PAL AIRCRAFT SEIZURE  
**TAGS:** EAIR, RP, US, PAL  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006